

Meeting Agenda
Brownfield Redevelopment Authority
Wednesday June 14, 2023, 7:30 a.m.
Owosso City Council Chambers, 301 W Main Street
Owosso, MI

Call to order and roll call:

Review and approval of agenda: June 14, 2023

Review and approval of minutes: June 23, 2022

Communications:

Public Comments:

Public Hearings:

Items of Business:

1. Book Developer Approved Reimbursements as Liabilities
2. Suspend Reimbursement to TiAl Products for Lack of sufficient Receipts
3. Suspend Reimbursement to Robbins Lofts for Lack of sufficient Receipts
4. Consider Consent and Clarification Agreement – Qdoba BRA

Public Comments:

Board Comments:

Adjournment:

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**MINUTES
OWOSSO BROWNFIELD REDEVELOPMENT AUTHORITY
MEETING OF JUNE 23, 2022**

Meeting was called to order at 7:35 a.m. by Chairperson Susan Osika.

Roll Call.

Members Present: Randy Woodworth, Susan Osika, Jerome Haber, Gregory Brodeur, Michael Dowler, Janae Fear

Members Absent: Jeff Phillips, Julie Omer

AGENDA:

It was moved by Authority Member Fear and supported by Authority Member Woodworth to approve the agenda for June 23, 2022 as presented.

Yeas all. Motion passed.

MINUTES:

It was moved by Authority Member Fear and supported by Authority Member Brodeur to approve the minutes of October 19, 2019 as presented.

Yeas all. Motion passed.

Randy Woodworth recused himself from the discussion regarding 123 North Washington Street as a building owner/investor of this property.

COMMUNICATIONS:

- 1) Agenda
- 2) Staff memorandum (reference)
- 3) Brownfield Notices
- 4) Resolution to approve Brownfield Plan #22

**PUBLIC HEARING: **Owosso Brownfield Redevelopment District #22
123 North Washington Street****

City Manager Nathan Henne detailed the history and plan for the building at 123 N Washington Street, Owosso. The proposed investment of approximately \$2.9 million would yield nine new residential units. This Brownfield plan would be layered with an Obsolete Property Rehabilitation Certificate. According to the City's abatement policy, used to score the plan, this Brownfield only qualifies for an eleven (11) year abatement, not the twenty years that are being proposed. It would be up to City Council and the Brownfield Authority whether or not to approve the extra length of time. The precedent is in place for the City to bypass the abatement policy as it was done for 152 E Howard. This project is larger in scope and scale.

The public hearing was opened at 7:42 a.m. No public comments were received prior to or during the meeting.

JP, representative of the developer Triterra, outlined the project. He noted there will be employees with the projects, just not permanent job creation. Fifth Third Bank has not yet indicated whether they will renew their lease.

Authority members expressed concerns about the appearance of the current façade, parking issues, occupancy rate. The amount of the abatement was discussed at length. The City would continue to receive taxes on the initial assessment, but will not collect the incremental during the abatement period. It was indicated the contractors would begin work at the most logical place (interior/exterior) depending on season and other factors.

Randy Woodworth discussed that this is a passion project to assist in their long term goals to beautify, repurpose and invest in Owosso. They are drawing on all available levels of assistance to make this project a reality. Spring/Summer of 2023 is projected start date in order to have all approvals and financing in place.

It was noted that a Reimbursement Agreement would be executed between the City and the developer to solidify the terms of the capture and amendments could be made to that agreement, if necessary. Brownfield Plans are also reviewed annually by staff to ensure progress is being made the terms of the agreement are being met.

Motion by Authority Member Haber, supported by Authority Member Brodeur to approve the twenty (20) year plan:

WHEREAS, the Brownfield Redevelopment Authority (the "Authority") of the City of Owosso, pursuant to and in accordance with the provisions of the Brownfield Redevelopment Financing Act, being Act 381 of the Public Acts of the State of Michigan of 1996, as amended (the "Act"), has prepared and recommended for approval by the Authority a Brownfield Plan entitled District #22, "123 N Washington St Redevelopment Project" (the "Plan"), pursuant to and in accordance with Section 13 of the Act; and

WHEREAS, the Authority has, at least ten (10) days but not more than forty (40) days before the meeting of the Authority at which this resolution has been considered, provided notice to and fully informed all taxing jurisdictions which are affected by the Financing Plan (the "Taxing Jurisdictions") about the fiscal and economic implications of the proposed Financing Plan, and the Authority has previously provided to the Taxing Jurisdictions a reasonable opportunity to express their views and recommendations regarding the Financing Plan and in accordance with Sections 13 (10) and 14 (1) of the Act; and

WHEREAS, the Authority has made the following determinations and findings:

- A. The Plan constitutes a public purpose under the Act;
- B. The Plan meets all of the requirements for a Brownfield Plan set forth in Section 13 of the Act;
- C. The proposed method of financing the costs of the eligible activities, as described in the Plan is feasible and the Authority has the ability to arrange the financing;
- D. The costs of the eligible activities proposed in the Plan are reasonable and necessary to carry out the purposes of the Act;
- E. The amount of captured taxable value estimated to result from the adoption of the Plan is reasonable; and
- F. Line item cost details are eligible expenses that serve a public good.
- G. Local redevelopment area details are accurate.

WHEREAS, as a result of its review of the Plan and upon consideration of their views and recommendations of the Taxing Jurisdictions, the Authority desires to proceed with approval of the Plan and to forward the Plan to the City Council of the City of Owosso for adoption.

NOW THEREFORE, BE IT RESOLVED THAT:

1. Plan Approved. Pursuant to the authority vested in the Authority by the Act, and pursuant to and in accordance with the provisions of June 23, 2022, and maintained on file in the office of the City Clerk.
2. Severability. Should any section, clause or phrase of this Resolution be declared by the Courts to be invalid, the same shall not affect the validity of this Resolution as a whole nor any part thereof other than the part so declared to be invalid.
3. Repeals. All resolutions or parts of resolutions in conflict with any of the provisions of this Resolution are hereby repealed.

A roll call vote was taken.

YEAS: Brodeur, Dowler, Osika, Haber, Fear.

NAYS: None.

ABSENT: Phillips, Omer.

RECUSED: Woodworth. Motion passed.

Public Hearing was closed at 8:23 a.m.

Motion by Authority Member Brodeur, supported by Authority Member Haber to approve the draft of the reimbursement agreement to be executed by the Authority's Secretary Fear and the Authority's Chair Osika once the dates are filled with the understanding the City Council has the right to negate this motion if they do not agree to the terms presented.

A roll call vote was taken.

YEAS: Brodeur, Dowler, Osika, Haber, Fear.

NAYS: None.

ABSENT: Phillips, Omer.

RECUSED: Woodworth. Motion Passed.

ITEMS OF BUSINESS: None.

PUBLIC COMMENTS: Randy and Jim Woodworth and the representatives from TriTerra thanked the Authority for having real discussion on the matter.

BOARD COMMENTS:

Authority Member Woodworth rejoined the meeting. Authority Member Fear asked for an update on the Howard Street project. Authority Member Woodworth gave an update on the progress of the apartments above Hit & Pitch.

ADJOURNMENT:

Motion by Authority Member Woodworth, supported by Authority Member Fear to adjourn the meeting at 8:32 a.m.

Carrie A. Farr, Deputy City Clerk



MEMORANDUM

301 W. MAIN ▪ OWOSSO, MICHIGAN 48867-2958 ▪ WWW.CI.OWOSSO.MI.US

DATE: June 9, 2023
TO: Brownfield Authority
FROM: Nathan Henne: City Manager
SUBJECT: Developer Reimbursement Liabilities

RECOMMENDATION:

Approve the booking of developer reimbursement amounts as liabilities for the following active brownfield TIFs: Woodard Station, Wesener, Armory, and J&H Oil.

BACKGROUND:

The BRA has four active brownfield TIFs that the auditors and finance department are requesting Authority action to solidify the amount of liability regarding their developer reimbursement amounts.

- #10 – Woodard Station: \$1,314,567.57
 - Term of TIF: 25 yrs or full reimbursement (2006 - 2031)
- #13 – Wesener: \$276,010
 - Term of TIF: 13 yrs (2026 - 2039)
 - NOTE: TIF does not include school operating or SET
- #15 Armory: \$316,674.94
 - Term of TIF: 30 yrs (2015 – 2045)
- #20 – J&H Oil: \$388,358.62
 - Term of TIF: 13 Years (2019-2032)

FISCAL IMPACTS:

None. Recommended action only formalizes previous agreements to reimburse specified amounts for accounting purposes.

| GL NUMBER | DESCRIPTION | BALANCE DEBIT | BALANCE CREDIT |
|--|-------------------------------|------------------|-------------------|
| Fund 243 - OBRA #12 WOODWARD LOFT | | | |
| Assets | | | |
| Dept 000 - REVENUE | | | |
| 243-000-001.201 | MI CLASS ACCOUNT | 1,850.71 | |
| 243-000-084.242 | DUE FROM BROWNFIELD AUTHORITY | 1,314,567.57 | |
| Total Dept 000 - REVENUE | | 1,316,418.28 | 0.00 |
| TOTAL ASSETS | | 1,316,418.28 | 0.00 |
| Liabilities | | | |
| Dept 000 - REVENUE | | | |
| 243-000-214.248 | DUE TO DEVELOPER | | 1,314,567.57 |
| Total Dept 000 - REVENUE | | 0.00 | 1,314,567.57 |
| TOTAL LIABILITIES | | 0.00 | 1,314,567.57 |
| Fund Equity | | | |
| Dept 000 - REVENUE | | | |
| 243-000-375.000 | RESTRICTED FUND BALANCE | | 122,324.81 |
| Total Dept 000 - REVENUE | | 0.00 | 122,324.81 |
| TOTAL FUND EQUITY | | 0.00 | 122,324.81 |
| Dept 000 - REVENUE | | | |
| Total Dept 000 - REVENUE | | 71,324.81 | 1,850.71 |
| TOTAL REVENUES | | 69,474.10 | |
| Expenditures | | | |
| Dept 721 - PROFESSIONAL SERVICES | | | |
| Total Dept 721 - PROFESSIONAL SERVICES | | 1,000.00 | 0.00 |
| Unclassified | | 1,000.00 | 0.00 |
| Dept 901 - CAPITAL OUTLAY | | | |
| Total Dept 901 - CAPITAL OUTLAY | | 50,000.00 | 0.00 |
| CAPITAL OUTLAY | | 50,000.00 | 0.00 |
| TOTAL EXPENDITURES | | 51,000.00 | |
| Total Fund 243 - OBRA #12 WOODWARD LOFT | | 1,438,743.09 | 1,438,743.09 |

| GL NUMBER | DESCRIPTION | BALANCE DEBIT | BALANCE CREDIT |
|---|-------------------------------|------------------|-------------------|
| Fund 246 - OBRA #13 WEISNER BUILDING | | | |
| Assets | | | |
| Dept 000 - REVENUE | | | |
| 246-000-084.242 | DUE FROM BROWNFIELD AUTHORITY | 276,010.00 | |
| Total Dept 000 - REVENUE | | 276,010.00 | 0.00 |
| TOTAL ASSETS | | 276,010.00 | 0.00 |
| Liabilities | | | |
| Dept 000 - REVENUE | | | |
| 246-000-214.248 | DUE TO DEVELOPER | | 276,010.00 |
| Total Dept 000 - REVENUE | | 0.00 | 276,010.00 |
| TOTAL LIABILITIES | | 0.00 | 276,010.00 |
| Total Fund 246 - OBRA #13 WEISNER BUILDING | | 276,010.00 | 276,010.00 |

| GL NUMBER | DESCRIPTION | BALANCE DEBIT | BALANCE CREDIT |
|---|-------------------------------|---------------|----------------|
| Fund 259 - OBRA-DIST#15 -ARMORY BUILDING | | | |
| Assets | | | |
| Dept 000 - REVENUE | | | |
| 259-000-001.200 | POOLED CASH (HUNTINGTON BANK) | 4,293.45 | |
| 259-000-084.242 | DUE FROM BROWNFIELD AUTHORITY | 316,674.94 | |
| Total Dept 000 - REVENUE | | 320,968.39 | 0.00 |
| TOTAL ASSETS | | 320,968.39 | 0.00 |
| Liabilities | | | |
| Dept 000 - REVENUE | | | |
| 259-000-214.248 | DUE TO DEVELOPER | | 316,674.94 |
| Total Dept 000 - REVENUE | | 0.00 | 316,674.94 |
| TOTAL LIABILITIES | | 0.00 | 316,674.94 |
| Fund Equity | | | |
| Dept 000 - REVENUE | | | |
| 259-000-375.000 | RESTRICTED FUND BALANCE | | 4,155.45 |
| Total Dept 000 - REVENUE | | 0.00 | 4,155.45 |
| TOTAL FUND EQUITY | | 0.00 | 4,155.45 |
| Dept 000 - REVENUE | | | |
| Total Dept 000 - REVENUE | | 0.00 | 5,793.00 |
| TOTAL REVENUES | | | 5,793.00 |
| Expenditures | | | |
| Dept 721 - PROFESSIONAL SERVICES | | | |
| Total Dept 721 - PROFESSIONAL SERVICES | | 5,655.00 | 0.00 |
| Unclassified | | 5,655.00 | 0.00 |
| TOTAL EXPENDITURES | | 5,655.00 | |
| Total Fund 259 - OBRA-DIST#15 -ARMORY BUILDING | | 326,623.39 | 326,623.39 |

| GL NUMBER | DESCRIPTION | BALANCE DEBIT | BALANCE CREDIT |
|---|-------------------------------|------------------|-------------------|
| Fund 272 - OBRA FUND-DISTRICT #17 CARGILL (PREV #8) | | | |
| Assets | | | |
| Dept 000 - REVENUE | | | |
| 272-000-001.200 | POOLED CASH (HUNTINGTON BANK) | 20,401.38 | |
| Total Dept 000 - REVENUE | | 20,401.38 | 0.00 |
| TOTAL ASSETS | | 20,401.38 | 0.00 |
| Fund Equity | | | |
| Dept 000 - REVENUE | | | |
| 272-000-375.000 | RESTRICTED FUND BALANCE | | 10,374.41 |
| Total Dept 000 - REVENUE | | 0.00 | 10,374.41 |
| TOTAL FUND EQUITY | | 0.00 | 10,374.41 |
| Dept 000 - REVENUE | | | |
| Total Dept 000 - REVENUE | | 0.00 | 188,330.67 |
| TOTAL REVENUES | | | 188,330.67 |
| Expenditures | | | |
| Dept 721 - PROFESSIONAL SERVICES | | | |
| Total Dept 721 - PROFESSIONAL SERVICES | | 10,305.50 | 0.00 |
| Unclassified | | | |
| Dept 905 - DEBT SERVICE | | 10,305.50 | 0.00 |
| Total Dept 905 - DEBT SERVICE | | 167,998.20 | 0.00 |
| DEBT SERVICE | | 167,998.20 | 0.00 |
| TOTAL EXPENDITURES | | 178,303.70 | |
| Total Fund 272 - OBRA FUND-DISTRICT #17 CARGILL (PREV #8) | | 198,705.08 | 198,705.08 |

PERIOD ENDING 06/30/2023

| GL NUMBER | DESCRIPTION | BALANCE DEBIT | BALANCE CREDIT |
|--|-------------------------------|------------------|-------------------|
| Fund 273 - OBRA #9 ROBBINS LOFT | | | |
| Assets | | | |
| Dept 000 - REVENUE | | | |
| 273-000-001.200 | POOLED CASH (HUNTINGTON BANK) | 3,036.71 | |
| 273-000-001.201 | MI CLASS ACCOUNT | 48,728.12 | |
| Total Dept 000 - REVENUE | | 51,764.83 | 0.00 |
| TOTAL ASSETS | | 51,764.83 | 0.00 |
| Fund Equity | | | |
| Dept 000 - REVENUE | | | |
| 273-000-375.000 | RESTRICTED FUND BALANCE | | 48,009.26 |
| Total Dept 000 - REVENUE | | 0.00 | 48,009.26 |
| TOTAL FUND EQUITY | | 0.00 | 48,009.26 |
| Dept 000 - REVENUE | | | |
| Total Dept 000 - REVENUE | | 0.00 | 4,955.57 |
| TOTAL REVENUES | | | 4,955.57 |
| Expenditures | | | |
| Dept 721 - PROFESSIONAL SERVICES | | | |
| Total Dept 721 - PROFESSIONAL SERVICES | | 1,200.00 | 0.00 |
| Unclassified | | 1,200.00 | 0.00 |
| TOTAL EXPENDITURES | | 1,200.00 | |
| Total Fund 273 - OBRA #9 ROBBINS LOFT | | 52,964.83 | 52,964.83 |

PERIOD ENDING 06/30/2023

| GL NUMBER | DESCRIPTION | BALANCE DEBIT | BALANCE CREDIT |
|---|-------------------------------|------------------|-------------------|
| Fund 276 - OBRA FUND DISTRICT #16 - QDOBA | | | |
| Assets | | | |
| Dept 000 - REVENUE | | | |
| 276-000-001.200 | POOLED CASH (HUNTINGTON BANK) | 8,438.94 | |
| Total Dept 000 - REVENUE | | 8,438.94 | 0.00 |
| TOTAL ASSETS | | 8,438.94 | 0.00 |
| Fund Equity | | | |
| Dept 000 - REVENUE | | | |
| 276-000-375.000 | RESTRICTED FUND BALANCE | | 8,973.72 |
| Total Dept 000 - REVENUE | | 0.00 | 8,973.72 |
| TOTAL FUND EQUITY | | 0.00 | 8,973.72 |
| Dept 000 - REVENUE | | | |
| Total Dept 000 - REVENUE | | 0.00 | 28,186.22 |
| TOTAL REVENUES | | | 28,186.22 |
| Expenditures | | | |
| Dept 721 - PROFESSIONAL SERVICES | | | |
| Total Dept 721 - PROFESSIONAL SERVICES | | 550.00 | 0.00 |
| Unclassified | | | |
| Dept 905 - DEBT SERVICE | | 550.00 | 0.00 |
| Total Dept 905 - DEBT SERVICE | | 28,171.00 | 0.00 |
| DEBT SERVICE | | 28,171.00 | 0.00 |
| TOTAL EXPENDITURES | | 28,721.00 | |
| Total Fund 276 - OBRA FUND DISTRICT #16 - QDOBA | | 37,159.94 | 37,159.94 |

| GL NUMBER | DESCRIPTION | BALANCE DEBIT | BALANCE CREDIT |
|--|-------------------------------|------------------|-------------------|
| Fund 277 - OBRA FUND DISTRICT #20 - J&H OIL | | | |
| Assets | | | |
| Dept 000 - REVENUE | | | |
| 277-000-001.200 | POOLED CASH (HUNTINGTON BANK) | 2,809.00 | |
| 277-000-084.242 | DUE FROM BROWNFIELD AUTHORITY | 388,358.62 | |
| Total Dept 000 - REVENUE | | 391,167.62 | 0.00 |
| TOTAL ASSETS | | 391,167.62 | 0.00 |
| Liabilities | | | |
| Dept 000 - REVENUE | | | |
| 277-000-214.248 | DUE TO DEVELOPER | | 388,358.62 |
| Total Dept 000 - REVENUE | | 0.00 | 388,358.62 |
| TOTAL LIABILITIES | | 0.00 | 388,358.62 |
| Dept 000 - REVENUE | | | |
| Total Dept 000 - REVENUE | | 0.00 | 51,180.09 |
| TOTAL REVENUES | | | 51,180.09 |
| Expenditures | | | |
| Dept 721 - PROFESSIONAL SERVICES | | | |
| Total Dept 721 - PROFESSIONAL SERVICES | | 1,000.00 | 0.00 |
| Unclassified | | | |
| Dept 964 - TAX REIMBURSEMENTS | | 1,000.00 | 0.00 |
| Total Dept 964 - TAX REIMBURSEMENTS | | 47,371.09 | 0.00 |
| TAX REIMBURSEMENT | | 47,371.09 | 0.00 |
| TOTAL EXPENDITURES | | 48,371.09 | |
| Total Fund 277 - OBRA FUND DISTRICT #20 - J&H OIL | | 439,538.71 | 439,538.71 |

| GL NUMBER | DESCRIPTION | BALANCE DEBIT | BALANCE CREDIT |
|---|-------------------------|------------------|-------------------|
| Fund 280 - OBRA FUND-DISTRICT #21 - 152 E HOWARD ST | | | |
| Fund Equity | | | |
| Dept 000 - REVENUE | | | |
| 280-000-375.000 | RESTRICTED FUND BALANCE | 4,800.00 | |
| Total Dept 000 - REVENUE | | 4,800.00 | 0.00 |
| TOTAL FUND EQUITY | | 4,800.00 | 0.00 |
| Dept 000 - REVENUE | | | |
| Total Dept 000 - REVENUE | | 0.00 | 9,005.00 |
| TOTAL REVENUES | | | 9,005.00 |
| Expenditures | | | |
| Dept 721 - PROFESSIONAL SERVICES | | | |
| Total Dept 721 - PROFESSIONAL SERVICES | | 4,205.00 | 0.00 |
| Unclassified | | 4,205.00 | 0.00 |
| TOTAL EXPENDITURES | | 4,205.00 | |
| Total Fund 280 - OBRA FUND-DISTRICT #21 - 152 E HOWARD ST | | 9,005.00 | 9,005.00 |

PERIOD ENDING 06/30/2023

| GL NUMBER | DESCRIPTION | BALANCE DEBIT | BALANCE CREDIT |
|--|-------------------------------|------------------|-------------------|
| Fund 283 - OBRA FUND-DISTRICT#3-TIAL | | | |
| Assets | | | |
| Dept 000 - REVENUE | | | |
| 283-000-001.200 | POOLED CASH (HUNTINGTON BANK) | 9,114.02 | |
| Total Dept 000 - REVENUE | | 9,114.02 | 0.00 |
| TOTAL ASSETS | | 9,114.02 | 0.00 |
| Fund Equity | | | |
| Dept 000 - REVENUE | | | |
| 283-000-375.000 | RESTRICTED FUND BALANCE | | 3,257.52 |
| Total Dept 000 - REVENUE | | 0.00 | 3,257.52 |
| TOTAL FUND EQUITY | | 0.00 | 3,257.52 |
| Dept 000 - REVENUE | | | |
| Total Dept 000 - REVENUE | | 0.00 | 29,013.50 |
| TOTAL REVENUES | | | 29,013.50 |
| Expenditures | | | |
| Dept 721 - PROFESSIONAL SERVICES | | | |
| Total Dept 721 - PROFESSIONAL SERVICES | | 750.00 | 0.00 |
| Unclassified | | | |
| Dept 905 - DEBT SERVICE | | 750.00 | 0.00 |
| Total Dept 905 - DEBT SERVICE | | 22,407.00 | 0.00 |
| DEBT SERVICE | | 22,407.00 | 0.00 |
| TOTAL EXPENDITURES | | 23,157.00 | |
| Total Fund 283 - OBRA FUND-DISTRICT#3-TIAL | | 32,271.02 | 32,271.02 |
| Total - All Funds: | | 2,811,021.06 | 2,811,021.06 |

RESOLUTION NO. 01-2023

**RESOLUTION AUTHORIZING FINANCE DIRECTOR TO BOOK LIABILITIES FOR
CURRENT BROWNFIELD DEVELOPER REIMBURSEMENTS – WOODARD,
WESENER, ARMORY, J & H OIL**

WHEREAS, the Brownfield Redevelopment Authority has agreed to reimbursement developers' eligible expenses for certain brownfield projects; and

WHEREAS, the brownfield projects being reimbursed – or slated for reimbursement – according to agreements respective brownfield plans are: Woodard Station, Wesener, Armory, and J& H Oil; and

WHEREAS, this is a budgeted item from fund 243, 246, 259, and 277 respectively.

NOW THEREFORE BE IT RESOLVED by the Brownfield Redevelopment Authority of the City of Owosso, Shiawassee County, Michigan that:

FIRST: The authority authorizes the Finance Department to book the following liabilities as developer reimbursements for the corresponding brownfield plans and subsequent reimbursement agreements:

1. Fund 243 – Woodard: \$1,314,567.57
2. Fund 246 – Wesener: \$276,010
3. Fund 259 – Armory: \$316,674.94
4. Fund 277 – J&H Oil: \$388,358.62



MEMORANDUM

301 W. MAIN ▪ OWOSSO, MICHIGAN 48867-2958 ▪ WWW.CI.OWOSSO.MI.US

DATE: June 9, 2023
TO: Brownfield Authority
FROM: Nathan Henne: City Manager
SUBJECT: **Suspend Reimbursement for Lack of Receipts – Tial Products**

RECOMMENDATION:

Suspend reimbursements to Tial Products for lack of sufficient receipts submitted for eligible developer reimbursed activities.

BACKGROUND:

In 2007, an amended brownfield plan was approved by the BRA and City Council for the Tial Products brownfield project. This included costs related to property improvements and city-funded advancement of costs to pay for needed infrastructure improvements to Cass Street. A reimbursement agreement was also approved. In order for developer's to be reimbursed, the developer must submit receipts and a written request for reimbursement. Attempts were made to contact the owner requesting additional receipts.

The amount of receipts on file is \$21,262. The city has reimbursed for this amount. Schedule 4 of the Amended Plan lists a total developer reimbursement amount of \$58,600.

FISCAL IMPACTS:

The Tial Products brownfield fund is holding reimbursements so the fund balance is growing. If the plan expires and no additional receipts are received, the balance will be distributed back to the taxing jurisdictions subject to the plan's TIF.

RESOLUTION NO. 02-2023

**RESOLUTION AUTHORIZING THE SUSPENSION OF DEVELOPER
REIMBURSEMENTS TO TIAL PRODUCTS FOR LACK OF SUFFICIENT RECEIPTS**

WHEREAS, the City of Owosso Brownfield Redevelopment Authority approved a brownfield plan and reimbursement agreement with Tial Products in 2007; and

WHEREAS, beginning in the year 2008, Developer reimbursements shall be made on the basis of the balance available after the Authority reimburses the City of Owosso related to the Cass Street improvements; and

WHEREAS, the developer has not submitted evidence of the eligible costs to the BRA in the total amount of the reimbursable eligible expenses outlined in the plan (\$58,600 – Schedule 4 of Amended Plan).

NOW THEREFORE BE IT RESOLVED by the Owosso Brownfield Redevelopment Authority that:

- FIRST: The City of Owosso Brownfield Redevelopment Authority has theretofore determined that it is advisable, necessary and in the public interest to suspend developer reimbursements to Tial Products until more receipts are provided related to the eligible costs outlined in the amended brownfield plan and in accordance with the reimbursement agreement.



MEMORANDUM

301 W. MAIN ▪ OWOSSO, MICHIGAN 48867-2958 ▪ WWW.CI.OWOSSO.MI.US

DATE: June 9, 2023
TO: Brownfield Authority
FROM: Nathan Henne: City Manager
SUBJECT: Suspend Reimbursement for Lack of Receipts – Robbins Lofts

RECOMMENDATION:

Suspend reimbursements to Robbins Lofts for lack of sufficient receipts submitted for eligible developer reimbursed activities.

BACKGROUND:

In 2006, the City approved a 20 year brownfield tax increment plan for the old Robbins Furniture property. The project involved demolishing 5 buildings and converting the remaining 2 into a combination of commercial and residential. The demolition and environmental remediation was completed and a new parking lot put in but the project stopped there except for the addition of a gym facility.

A reimbursement agreement was also approved. In order for developer's to be reimbursed, the developer must submit receipts and a written request for reimbursement. Attempts were made to contact the owner requesting additional receipts. Owner responded by providing an original estimate but not the required receipts or invoices with accompanying cancelled checks.

The BRA has been withholding reimbursements for some time and the restricted fund equity has built up to \$48,000. The plan expires in 2026.

FISCAL IMPACTS:

The Robbins Loft brownfield fund is holding reimbursements so the fund balance is growing. If the plan expires and no additional receipts are received, the balance will be distributed back to the taxing jurisdictions subject to the plan's TIF.

RESOLUTION NO. 03-2023

**RESOLUTION AUTHORIZING THE SUSPENSION OF DEVELOPER
REIMBURSEMENTS TO ROBBINS LOFTS FOR LACK OF SUFFICIENT RECEIPTS**

WHEREAS, the City of Owosso Brownfield Redevelopment Authority approved a brownfield plan and reimbursement agreement with Robbins Lofts in 2006; and

WHEREAS, beginning in the year 2007, Developer reimbursements shall be made on the basis of the balance available; and

WHEREAS, the developer has not submitted evidence of the eligible costs to the BRA in the total amount of the reimbursable eligible expenses outlined in the plan (total amount unclear because all components of the plan were not completed).

NOW THEREFORE BE IT RESOLVED by the Owosso Brownfield Redevelopment Authority that:

- FIRST: The City of Owosso Brownfield Redevelopment Authority has theretofore determined that it is advisable, necessary and in the public interest to suspend developer reimbursements to Robbins Lofts until more receipts are provided related to the eligible costs outlined in the brownfield plan and in accordance with the reimbursement agreement.



MEMORANDUM

301 W. MAIN ▪ OWOSSO, MICHIGAN 48867-2958 ▪ WWW.CI.OWOSSO.MI.US

DATE: June 9, 2023
TO: Brownfield Authority
FROM: Nathan Henne: City Manager
SUBJECT: **Consider Consent and Clarification Agreement with Southwind Restaurants, LLC**

RECOMMENDATION:

Do not approve Consent and Clarification Agreement with Southwind Restaurants, LLC.

BACKGROUND:

In 2015 the City of Owosso approved a DEQ Loan Agreement with the current owners of the Qdoba property. This loan agreement - along with a reimbursement agreement and brownfield plan - was a component of a project to redevelop the site of an old dry cleaning facility. As part of this loan agreement, the developer committed to assuming the responsibility of ensuring that the loan payments were made - even if the Tax Increment Revenue was insufficient to cover the payments. The developer has been in a position requiring that they make the loan payments whole because the TIR is indeed insufficient to cover the annual loan payments. Usually this developer payment is around \$8000/year that the city invoices the developer. The remainder of the loan payment is made with TIR that is captured per the brownfield plan.

The total loan amount was \$292,963 and was funded by the DEQ to be repaid by the tax capture. However, as stated above, that tax capture is insufficient to make the annual payments to the tune of about \$8,000/year.

In 2023, the owners contacted the city requesting the city allow them to sell the property. All that is required for this to be approved by the BRA is a letter from the owners making said request. The issue here is that the buyers wish to inject a "Consent and Clarification" agreement that defies the loan agreement and adds costs to the plan by requiring that the city reimburse the owner for all shortfall loan payments made by the developer as a result of the insufficient tax capture.

While the legalities of this agreement have not been confirmed with the city attorney because the city just received the draft on June 8, 2023, one thing is for certain:

Agreeing to reimburse the owner for developer-paid loan payments made to the DEQ as a result of insufficient tax capture would directly violate the loan agreement that both city and developer signed in 2015. It is not in the BRA's or City's best interest to do anything more than agree to the transfer of ownership.

Brownfield tax increment plans are inherently risky. And that risk is borne by the developer in projects like this. That's why in every reimbursement agreement the city has for these projects,

there is a section that explicitly states that the developer assumes the risk if the tax capture is not sufficient to reimburse for all eligible costs. The BRA and the City should not begin straying from that important model because it would shift all the risk to the taxpayers.

FISCAL IMPACTS:

Unclear. Legally, there is a question of whether or not allowing this type of agreement would require a plan amendment to extend the tax capture period or add eligible costs.

CONSENT AND CLARIFICATION AGREEMENT

This Consent and Clarification Agreement ("Consent") is made as of _____, 2023, by and between Southwind Restaurants, LLC, a Michigan limited liability company ("Developer"), the Owosso Brownfield Redevelopment Authority (the "Authority"), and the City of Owosso, a Michigan municipal corporation (the "City"). Developer, the Authority and the City are sometimes hereinafter referred to collectively as the "Parties" or individually as a "Party".

BACKGROUND

MDEQ Loan Agreement. The City has entered into a CMI Brownfield Development Loan Contract dated _____, 2015 ("MDEQ Loan Agreement") with the Michigan Department of Environmental Quality (predecessor agency to the Michigan Department of Environment, Great Lakes and Energy) ("MDEQ") pursuant to which the City obtained a loan from MDEQ in the amount of \$292,963 ("MDEQ Loan"). The City provided the proceeds of the MDEQ Loan to Developer to be used in connection with agreed improvements and redevelopment expenditures (the "Project") at 910 East Main Street, Owosso, Michigan (the "Property") which is owned by Developer.

BR Loan Agreement. Developer and the City entered into a Brownfield Redevelopment Loan Agreement dated October 9, 2015 ("BR Loan Agreement"), to evidence their agreement regarding disbursement of the MDEQ Loan to Developer and repayment of the MDEQ Loan. As set forth in the BR Loan Agreement, it was intended that the MDEQ Loan would be repaid using capture of tax increment financing revenue ("TIF Revenue") generated by Project improvements at the Property. In the event TIF Revenue was inadequate to make a scheduled payment under the MDEQ Loan, Developer would be responsible to pay any such shortfall directly to MDEQ ("Shortfall Payments").

Reimbursement Agreement. Developer and the Authority are parties to a Reimbursement Agreement dated October 12, 2015 (the "Reimbursement Agreement"), pursuant to which the Authority has agreed to collect TIF Revenue generated by the Project improvements at the Property, and then use that TIF Revenue as follows: First, to repay the MDEQ Loan; then, to reimburse the Authority for planned administrative costs in the amount of \$1,500 per year ("Authority Costs"); then, to reimburse Developer for any other "Eligible Expenses" (as defined in the Reimbursement Agreement) ("Additional Developer Costs"); and then to provide funding to the Local Site Remediation Revolving Loan Fund.

Implementation of Development Agreements. The Reimbursement Agreement and the BR Loan Agreement are sometimes referred to collectively in this Consent as the "Development Agreements". As contemplated by the Development Agreements, the Authority and City have been capturing TIF Revenue to make payments on the MDEQ Loan, and Developer has been making Shortfall Payments as needed. The total of all Shortfall Payments made by Developer through the date of this Consent is \$49,135.80.

Proposed Sale of Property. Developer now wishes to engage in a sale and leaseback transaction with respect to the Property ("Transaction"). Pursuant to the terms of the Development Agreements, the City and the Authority must consent to any such sale unless Developer pays off the entire MDEQ Loan. Rather than require Developer to pay off the entire MDEQ Loan, the City and the Authority are

consenting to the Transaction and are further clarifying implementation of the terms of the Development Agreements as set forth in this Consent.

AGREEMENT

Accordingly, for their mutual benefit, and intending to be legally bound, and in consideration of the foregoing premises, the Parties agree as follows:

1. Consent to Sale. The City and the Authority consent to the Transaction.
2. TIF Payments under Development Agreements. To clarify the relative rights of the Parties and how the terms of the Development Agreements are to be implemented following the Transaction, the Parties agree as follows:
 - (a) Developer will enter into agreements in connection with the Transaction such that either Developer, as tenant, or the buyer, as owner, shall pay any and all real property taxes related to the Property on time and in full.
 - (b) The City and the Authority will continue to capture TIF Revenue and use TIF Revenue to make payments on the MDEQ Loan and for the other purposes set forth in the Reimbursement Agreement.
 - (c) Developer will continue to be responsible to make any Shortfall Payments as needed.
 - (d) Developer will place in escrow for the benefit of the City the amount of \$100,000 to be held as security in the event that Developer does not make one or more Shortfall Payments, such escrowed funds to be held pursuant to the terms of an Escrow Agreement in the form attached to this Consent as Exhibit A.
 - (e) Following payment in full of the MDEQ Loan, the City and the Authority will use TIF Revenue as and when the same becomes available to reimburse Developer for the amount of any Shortfall Payments paid by Developer.
 - (f) Once Developer is reimbursed in full for any and all Shortfall Payments, the City and the Authority will use TIF Revenue to reimburse the Authority for its Authority Costs and to fund the Local Site Remediation Revolving Loan Fund as contemplated by Section 2 of the Reimbursement Agreement, it being understood that Developer hereby waives any right or claim for reimbursement of Additional Developer Costs.
3. Miscellaneous. This Consent: shall be governed by the internal laws of the State of Michigan; may only be amended by further written agreement of all Parties; and is intended to be legally enforceable. Any legal action brought to enforce or interpret the terms of this Consent shall be brought solely in State or Federal courts serving Shiawassee County, Michigan, and all Parties hereby consent to

the personal jurisdiction of such courts and waive any right to object on the basis of inconvenient forum or improper venue. ALL PARTIES WAIVE THE RIGHT TO TRIAL BY JURY.

IN WITNESS of their intent to be legally bound by the terms of this Consent, the Parties have set forth the signatures of their authorized representatives below.

DEVELOPER: SOUTHWIND RESTAURANT, LLC

By: _____
Its: _____

THE AUTHORITY: OWOSSO BROWNFIELD REDEVELOPMENT AUTHORITY

By: _____
Its: _____

THE CITY: CITY OF OWOSSO

By: _____
Its: _____

Exhibits:

A (Form of Escrow Agreement)

RESOLUTION NO. 04-2023

**RESOLUTION APPROVING CONSENT AND CLARIFICATION AGREEMENT WITH
SOUTHWIND RESTAURANTS, LLC**

WHEREAS, the Owosso Brownfield Redevelopment Authority received a draft agreement with Southwind Restaurants, LLC to add "shortfall loan payments" to the reimbursable expenses paid by the Qdoba brownfield tax capture; and

WHEREAS, the City of Owosso and Southwind signed a DEQ loan agreement in October 2015 that requires Southwind to assume all responsibility for said shortfall payments resulting from insufficient tax capture per the brownfield plan.

NOW THEREFORE BE IT RESOLVED by the Brownfield Redevelopment Authority of the City of Owosso, Shiawassee County, Michigan that:

- FIRST: The Owosso Brownfield Redevelopment Authority recommends to the Owosso City Council that the Consent and Clarification Agreement be approved allowing a transfer of ownership and that shortfall payments be reimbursed with the ongoing tax capture.